

Message Text

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11

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 /100 W

----- 025869

R 122348Z JUN 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8241

INFO AMEMBASSY MOSCOW

AMEMBASSY STOCKHOLM

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E. O.: 11652: N/A

TAGS: BEXP, ENRG, ELEC, EMAE

SUBJ: SOVIET UNION ENTERS MEXICAN ELECTRIC POWER MARKET

REF: STATE 132791

1. DURING JUNE 6 CALL ON AMBASSADOR, LOCAL ALLIS-CHALMERS REPRESENTATIVE (ERIC WITSCHHEY) INFORMED US MEXICO ABOUT TO CONCLUDE MAJOR SALES AGREEMENT WITH SOVIET UNION TO SUPPLY EQUIPMENT FOR HYDROELECTRIC EXPANSION PROGRAM. WITSCHHEY PROVIDED AMB. COPY OF TELEX QUOTED REFTEL AND EXPRESSED PESSIMISM ON AVAILABILITY COMPARABLE FINANCING FOR A-C PACKAGE.

2. COMMERICAL COUNSELOR VISITED FEDERAL ELECTRIC COMMISSION (CFE) DIRECTOR ARSENIO FARRELL JUNE 12 TO DISCUSS MEXICO'S HYDROELECTRIC PROGRAM. IN ICY TONE, FARRELL INDICATED HE WAS TRAVELING TO MOSCOW NEXT WEEK AND EXPECTED TO FINALIZE AGREEMENT WITH TEN YEAR LOAN AT THREE PERCENT INTEREST. HE CHARACTERIZED CFE EXPERIENCE WITH WESTINGHOUSE AS "CATASTROPHIC" AND CLAIMED

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DECISION TO PURCHASE SOVIET EQUIPMENT BASED ON BEST AVAILABLE

CREDIT TERMS. IN VIEW OF MEXICO'S SUBSTANTIAL FOREIGN DEBT OBLIGATION, COUNTRY COULD NOT FAIL TO TAKE ADVANTAGE MOST FAVORABLE TERMS AVAILABLE, HE SAID. HE INDICATED THAT SWEDEN'S SVEA WAS EXPECTED TO MATCH RUSSIAN TERMS BUT THAT MEXICO PLANNED TO BUY FROM SOVIET UNION. FARRELL ALSO SAID HE WOULD OPEN NEGOTIATIONS WITH SOVIETS FOR CONSTRUCTION AND SUPPLY OF NUCLEAR POWER PLANTS FOR MEXICO, INDICATING THAT SIMILAR FINANCING TERMS WOULD BE AVAILABLE. LAGUNA VERDE NUCLEAR FACILITY WILL BE COMPLETED BY CURRENT CONTRACTORS.

3. COMMENT: THIS WAS COMMERICAL COUNSELOR'S FIRST CALL ON FARRELL WHO RECEIVED HIM WITH THINLY-VEILED BELLIGERENCY. HE MADE CLEAR GOM DECISION ON HYDROELECTRIC ISSUE IRREVOCABLE IN ABSENCE COMPARABLE TERMS FROM U.S. (HE PRAISED QUALITY ALLIS-CHALMERS EQUIPMENT) AND DETERMINATION TO SEEK SOVIET NUCLEAR POWER TECHNOLOGY EQUALLY SERIOUS. ASSUME BIOGRAPHIC DATA ON FARRELL AVAILABLE IN DEPARTMENT.

4. EMBASSY INFORMING WITSCHY OF FOREGOING.
JOVA

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Message Attributes

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